

Message Text

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52

ACTION COME-00

INFO OCT-01 EUR-25 EA-11 ADP-00 EB-11 AID-20 CIAE-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

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R 261604 Z APR 73

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 8580

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

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AMEMBASSY ROME

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E. O. 11652: N/ A

TAGS: ETRD, EEC EFTA, AU

SUBJECT: EC/ EFTA RULES OF ORIGIN: AUSTRIA

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REF: STATE 58443

1. SUMMARY: EMBASSY DISCUSSED NEW RULES OF ORIGIN (R/ O) WITH FEDERAL AND LOCAL CHAMBERS OF COMMERCE, LEAGUE OF INDUSTRIALISTS, AMERICAN SUBSIDIARIES IN AUSTRIA AND AUSTRIAN IMPORTERS AND END- USERS OF NON- FREE TRADE AREA (FTA) COMPONENTS. ALL CONTACTS CONSIDER IT FAR TOO EARLY TO ASSESS IMPACT SINCE R/ O DO NOT GO INTO EFFECT (FOR INTRA- EFTA TRADE) UNTIL MAY 15. SHIFTS IN SOURCES OF SUPPLY EXPECTED ONLY IN ISOLATED CASES, NONE AFFECTING U. S. SOME FIRMS SEE POSSIBILITY OF FUTURE PROBLEMS WITH CHANGES IN PRICE AND SUPPLY SITUATION IN FTA. ONE FIRM REPORTS POSSIBLE CHANGE IN PLANS FOR NEW PRODUCTION LINE DUE TO FTA. END SUMMARY.

2. CHAMBERS OF COMMERCE AND LEAGUE OF INDUSTRIALISTS ARE IN REGULAR CONTACT WITH MEMBERS TO EDUCATE THEM ON NEW R/ O. ALL EXPECT LITTLE IMPACT SINCE AUSTRIAN FIRMS LONG ACCUSTOMED TO EFTA R/ O. COMMENTS AS FOLLOWS:

A. NEW R/ O WILL HAVE GREATEST EFFECT IN MACHINERY AND TEXTILE SECTORS. FORMER MUST REDUCE NON- FTA COMPONENTS FROM 50 PERCENT TO 40 PERCENT. LATTER REQUIRES AT LEAST TWO PRODUCTION PHASES TO ESTABLISH ORIGIN (E. G. SPINNING/ WEAVING, WEAVING/ APPAREL MANUFACTURE). NO CASE KNOWN WHERE U. S. COMPOENTS CONSTITUTE IN EXCESS OF 40 PER CENT OF PRODUCT. NO PROBLEMS HAVE APPEARED RE TEXTILES AT THIS STAGE.

B. ALL KNOWN CASES WHERE R/ O REQUIRE ADJUSTMENT OF SOURCE OF SUPPLY INVOLVE EASTERN EUROPEAN IMPORTS (GLASS BLANKS FOR LENSES AND STEEL PIPE).

C. CHAMBER EXPECTS THAT IN MANY CASES WHERE AUSTRIAN TARIFF HIGH AND CXT LOW, MANUFACTURERS WILL DECIDE IN FAVOR OF DRAWBACKS INSTEAD OF FTA TREATMENT.

D. AUSTRIANS HOPE FOR LIBERALIZATION OF R/ O AFTER DRAWBACKS ARE OUTLAWED IN FTA (JANUARY 1, 1975).

3. EXPECTATIONS RE SPECIFIC INDUSTRIES AS FOLLOWS:
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A. MOTOR VEHICLES: PRODUCTION IN AUSTRIA INSIGNIFICANT. VIRTUALLY ALL INPUTS FROM FTA SOURCES.

B. PAPER: IMPORTERS OF PULP FROM U. S. REPORT NO PROBLEMS WITH R/ O.

C. ELECTRICAL MEASURING INSTRUMENTS: NO PROBLEMS REPORTED.

U. S. COMPONENT LOW AND PRODUCTION PROCESS INVOLVES CLEAR CUT SHIFT IN BTN CATEGORY.

\$. TELECOMMUNICATIONS EQUIPMENT: U. S. COMPONENT TOO LOW TO AFFECT ORIGIN. ITT REPORTS FUTURE SHORTAGES OF COMPONENTS MANUFACTURED WITHIN FTA MAY CHANGE SITUATION.

3. CALCULATING MACHINES: SEE C ABOVE.

F. PUMPS: NO INFO AVAILABLE. NO MAJOR PRODUCTION INVOLVING FOREIGN COMPONENTS.

G. TEXTILES: NO PROBLEMS REPORTED TO DATE. TWO PRODUCTION PHASE REQUIREMENTS MAY CREATE PRACTICAL DIFFICULTIES WHEN R/ O ENTER INTO, BUT HE IS CLEARLY TOUCHY ON THE POINT. IF THE PRESS SPECULATION WERE LATER TO PROVE TRUE, THIS WOULD AGGRAVATE THE ADVERSE IMPACT OF ANY FAILURE BY FIGUERES TO SEE THE PRESIDENT ON THIS VISIT.

3. I KNOW VERY WELL THE PROBLEMS INVOLVED IN ARRANGING A PRESIDENTIAL APPOINTMENT. I CAN UNDERSTAND TOO THE SPECIAL CIRCUMSTANCES THAT MAY BE PRESENTED BY FIGUERES' NOTORIETY IN CONNECTION WITH THE VESCOS CASE. I CANNOT JUDGE FROM HERE HOW THIS FACTOR WEIGHS IN THE MATTER, BUT I DO HOPE THAT WE DO NOT EXAGGERATE IT.

4. IN ANY CASE, IT OCCURS TO ME THAT THE " INTERNATIONAL LUNCHEON" ON MAY 4 AT WHICH BOTH FIGUERES AND GALO PLAZA WILL SPEAK WOULD BE AN IDEAL AND NEUTRAL OCCASION FOR THE PRESIDENT TO GREET

FIGUERES, IF NOT BY FULL ATTENDANCE AT THE LUNCHEON, AT LEAST BY " DROPPING IN" PERHAPS TO HEAR THE REMARKS. A PUBLIC MEETING OF THIS KIND, AND ONE WITH LATIN AMERICAN CONNOTATIONS GENERALLY, WOULD ALEVIATE MANY OF THE PROBLEMS AND RISKS OF A PRIVATE MEETING.

5. I KNOW THAT PSYCHOLOGICAL AND " IMAGE" ARGUMENTS GET THROWN AROUND GLIBLY AND PREDICTIONS OF DIRE CONSEQUENCES IN CIRCUMSTANCES LIKE THIS ARE MADE ALL TOO LOOSELY. BUT I AM NOT EXAGGERATING JUST TO MAKE A " CASE". I FEEL SINCERELY THAT THERE WILL BE A QUITE ADVERSE IMPACT IF FIGUERES DOES NOT SEE THE PRESIDENT, AND I AM THEREFORE COMPELLED TO STRESS THAT TO YOU. I CONSEQUENTLY URGE MOST STRONGLY THAT SOME SORT OF A MEETING BE ARRANGED IN SOME WAY, AND THE MORE GRACIOUS THE CIRCUMSTANCES THE BETTER.

VAKY

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BONN
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CANBERRA
COME
COPENHAGEN
DUBLIN

SECSTATE WASHDC

THE HAGUE

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